

SECTION 6000

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<u>6000</u>	<u>MEDICALLY NEEDY DEDUCTIBLE PROCESS</u>
6010	Non-applicable Medical Costs
6020	Applicable Medical Costs
6030	Verification of Medical Costs

6000 MEDICALLY NEEDY DEDUCTIBLE PROCESS

Individuals who are ineligible under Categorical or optional coverage groups and their income is above the appropriate Protected Income Level (PIL) are not eligible for Medicaid until they meet a deductible. This deductible is met by applying incurred costs for necessary medical services as outlined in Section 6010.

The deductible is determined as follows:

1. Determine the countable income.
2. Subtract the PIL for the appropriate assistance unit. (See Chart V.)
3. Multiply by the number of months in the eligibility period (usually 6 months). See section 1520.

The result is the deductible amount for the eligibility period.

If the deductible is met using medical costs that are not covered under the Medically Needy Program, the individual will become eligible as of the first day of the eligibility period. Otherwise, coverage will begin with the day after the day the deductible is met.

Medical bills used against the deductible must be submitted within one year following the start of the deductible period. Once the deductible is met and eligibility begins, any bills submitted within one year after the eligibility date that could have been used against the deductible will be submitted for payment to the Bureau of Medical Services.

Before applying any medical costs against the deductible, the worker must review and update the deductible amount. If there are any changes in income, (use actual income received where possible), assistance unit composition or Protected Income Levels, a new deductible amount will be figured.

6010 NON-APPLICABLE MEDICAL COSTS

The following types of medical bills cannot be considered toward a deductible:

1. Medical costs incurred AND paid prior to the eligibility period.
2. Portions of medical costs applied toward a previous deductible, if the deductible is met.

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3. Portions of medical costs paid by insurance, including Medicare adjustments.
4. Medical costs paid by individuals or groups outside the assistance unit for which the individual has no obligation to repay. Medical costs paid by a public program other than Medicaid, (such as Hill Burton, Vocational Rehabilitation or General Assistance), are applied to the individual's deductible regardless of whether or not the individual has an obligation to repay.
5. Medical costs incurred by individuals who are not members of the assistance unit and whose income and assets are not used in determining eligibility.
6. Payments on old medical bills incurred prior to the eligibility period.
7. Medical costs incurred during a penalty period.
8. Unpaid costs of care to a medical institute or waiver agency during periods of eligibility.

6020 APPLICABLE MEDICAL COSTS

The cost of all other necessary medical services for individuals in the assistance unit and for individuals whose income or assets are or would be used in determining eligibility may be applied against the deductible.

For individuals who are included in more than one assistance unit, the cost of necessary medical services can be applied toward each deductible.

When an individual has sufficient costs to meet the deductible, but an accurate start date cannot be determined due to missing bills or pending insurance payments, begin eligibility for the first full month. Back date eligibility when all information is provided.

Medical costs are applied in the following order:

1. Verified medical insurance premiums, including Medicare.

NOTE: Indemnity insurance premiums are not allowed. These are policies that pay for length of stay or a condition (such as cancer) but not for a specific service.

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2. Verified actual costs incurred during the eligibility period for medical or remedial care costs not covered under Medicaid such as eye glasses, dental services and hearing aides for individuals over 21.
3. The unpaid balance on a loan taken out to pay for an old medical bill which was incurred prior to the eligibility period provided:
 - a. The proceeds of the loan were used to pay the medical bill. Only the amount of the loan actually used to pay the old medical bill may be deducted. Any portion used for another purpose may not be deducted.
 - b. Neither the medical bill nor the unpaid balance of the loan were previously applied against another deductible.
 - c. Only the principal part of the unpaid balance may be used in the deductible - not the interest.

This provision allows the individual to use the liability to the lender in place of the liability to the provider.

4. Medical costs incurred prior to the eligibility period and not applied toward another deductible, and which are unpaid on the first day of the eligibility period which resulted in eligibility.

EXAMPLE:

Individual has a medical bill of \$5000. He has a deductible for January through June of \$4500. He meets the deductible and in July incurs another \$4500 deductible. The \$500 remaining from the \$5000 medical bill can be used towards the new deductible.

5. Medical costs incurred during the eligibility period by individuals who are part of the assistance unit but not eligible for coverage (such as an ineligible spouse or deeming parent in an SSI-related unit or the parents of an individual whose eligibility is based on being under age 21).
6. Additional services or items necessary for medical treatment such as transportation, long distance

6000 MEDICALLY NEEDY DEDUCTIBLE PROCESS

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The deductible is determined as follows:

- I. Determine the countable income.
- II. Subtract the PIL for the appropriate assistance unit. (See Chart V.)
- III. Multiply by the number of months in the eligibility period (usually 6 months). (See section 1520.)

The result is the deductible amount for the eligibility period.

If the deductible is met using medical costs that are not covered under the Medically Needy Program, the individual will become eligible as of the first day of the eligibility period. Otherwise, coverage will begin with the day after the day the deductible is met.

Medical bills used against the deductible must be submitted within one year following the start of the deductible period. Once the deductible is met and eligibility begins, any bills submitted within one year after the eligibility date that could have been used against the deductible will be submitted for payment to the Bureau of Medical Services.

Before applying any medical costs against the deductible, the worker must review and update the deductible amount. If there are any changes in income (use actual income received where possible), assistance unit composition or Protected Income Levels, a new deductible amount will be figured.

6010 NON-APPLICABLE MEDICAL COSTS

The following types of medical bills cannot be considered toward a deductible:

- I. Medical costs incurred AND paid prior to the eligibility period.
- II. Portions of medical costs applied toward a previous deductible, if the deductible is met.
- III. Portions of medical costs paid by insurance, including Medicare adjustments.
- IV. Medical costs paid by individuals or groups outside the assistance unit for which the individual has no obligation to repay. Except for:

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- A. medical costs incurred during the eligibility period even though they may be written off through Charitable Care by a hospital after the eligibility period and,
- B. medical costs paid with all state or local funds such as General Assistance, the Low Cost Drug Program (DEL) and some payment by Vocational Rehabilitation.

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<u>Date</u>	<u>Total</u>
4/3	\$ 400
4/4	400
4/5	300
4/6	<u>300</u>
	\$1400 Total hospital bill
	<u>-1300</u> Insurance payment
	\$ 100 Balance

2. Medical insurance premium \$79.05 due quarterly
3. Physician's bill for March and April visits with insurance payment and applicant payment.

\$ 65.00 March balance forwarded
 85.00 Office visit 4/4
 -20.00 Insurance payment
-10.00 Received on account
 \$120.00 Balance due

4. \$125.00 - Eyeglasses 4/12
5. \$6.25 - Prescription receipt 4/4

Determine that there are no changes to the deductible amount and that all of the bills submitted can be used toward the current remaining deductible:

Total deductible: \$382.70

Uncoverable items

Medical insurance (\$79.05 per
 quarter x 2) -158.10
 Remaining deductible \$224.60

Eyeglasses -125.00
 Remaining deductible: \$ 99.60

Old medical bills

Doctor's statement shows a March
 charge of \$65 with an applicant
 payment of \$10.00 -55.00
 Remaining deductible: \$ 44.60

6010 cont:

- II. Verified actual costs incurred during the eligibility period for medical or remedial care costs not covered under Medicaid such as eye glasses, dental services and hearing aides for individuals over 21.
- III. The unpaid balance on a loan taken out to pay for an old medical bill which was incurred prior to the eligibility period provided:
 - A. The proceeds of the loan were used to pay the medical bill. Only the amount of the loan actually used to pay the old medical bill may be deducted. Any portion used for another purpose may not be deducted.
 - B. Neither the medical bill nor the unpaid balance of the loan were previously applied against another deductible.
 - C. Only the principal part of the unpaid balance may be used in the deductible - not the interest.

This provision allows the individual to use the liability to the lender in place of the liability to the provider.

- IV. Medical costs incurred prior to the eligibility period and not applied toward another deductible, and which are unpaid on the first day of the eligibility period which resulted in eligibility.

EXAMPLE:

Individual has a medical bill of \$5000. He has a deductible for January through June of \$4500. He meets the deductible and in July incurs another \$4500 deductible. The \$500 remaining from the \$5000 medical bill can be used towards the new deductible.

- V. Medical costs incurred during the eligibility period by individuals who are part of the assistance unit but not eligible for coverage (such as an ineligible spouse or deeming parent in an SSI-related unit or the parents of an individual whose eligibility is based on being under age 21).
- VI. Additional services or items necessary for medical treatment such as transportation, long distance telephone calls to medical providers, cost of lodging to receive treatment away from home and nonprescription items or drugs incurred during the eligibility period.
- VII. Medicaid coverable costs, paid or unpaid, incurred during the eligibility period in order of service date, including the following medical costs:
 - A. medical costs incurred during the eligibility period even though they may be written off through Charitable Care by a hospital after the eligibility period and,

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6010 cont:

- B. medical costs paid with all state or local funds such as General Assistance, the Low Cost Drug Program (DEL) and some payment by Vocational Rehabilitation.

Once the deductible has been met, the eligible individuals in the assistance unit will be eligible for Medical Assistance for the remainder of the eligibility period or until information is provided which would change the eligibility.

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recipient's share of 4/4 (\$4.58) and show this total (\$33.16) as the recipient's share of the total bill. (\$1400 - insurance of 1300 = \$100.00)

3. If medical costs are forwarded for a period prior to the date the deductible was met, but between the first date of eligibility and the Medicaid eligibility date, then a Billing Information Letter will be prepared and forwarded to the provider showing a \$0 responsibility for the client.